

Kwa Sani Municipality Budget 2013 / 2014 to 2015 / 2016
DRAFT

SCHEDULE A
ANNUAL BUDGET
AND SUPPORTING
DOCUMENTATION
OF KWA SANI
MUNICIPALITY

ANNUAL BUDGET OF KWA SANI MUNICIPALITY

**2012/13 TO 2015/16
MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**

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Abbreviations and Acronyms

AMR	Automated Meter Reading	LED	Local Economic Development
ASGISA	Accelerated and Shared Growth Initiative	MEC	Member of the Executive Committee
BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act
CBD	Central Business District		Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
Dora	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		
ℓ	litre		

Part 1 – Annual Budget

1.1 Mayor's Report



KwaSani Local Municipality is pleased to officially present its 2013/14 Draft Budget where we report on how the municipality anticipates to ensure that Service delivery priorities, as identified in the Independent Development Plan (IDP) are funded and implemented, in terms of section 21 (2) (a)-(c) of the MFMA which states that “ when preparing the annual budget, the Mayor of a municipality must”:

- a) Take into account the municipality's Integrated Development Plan (IDP)
- b) Take all reasonable steps to ensure that the municipality revised the IDP in terms of section 34 of the Municipal Systems Act, taking into account realistic revenue and expenditure projections for future years
- c) Take into account the national budget, the relevant provincial budget, the nation government's fiscal and macro-economic policy, the annual Division of Revenue Act (DoRA) and any agreements in the Budget Forum

Thus taking into account the provision of the MFMA as stated above, I present to all the draft MTREF for 2013/14 to 2015/16

The intention is to bring forth the highlights contained in the draft budget in its current form so as to facilitate a process of consultation leading to the compilation of the final budget for 2013/14 financial year. It is indeed our stated intention as Kwa Sani Municipality that the final budget for 2013/14 be adopted by the end of June 2013. It is going to be a product of extensive consultation such that the limited resources available are allocated towards satisfying the community's priorities and that the budget preparation itself is complying with relevant legislation

Our main Objective as the municipality is to ensure that the communities of the Kwa Sani Municipality get access to basic services and thus we are confident that this budget has been complied to ensure that this happens.

With the challenges faced by the municipality in the 2012/13 financial year, particularly in capital spending area, the future strategy of the municipality is to ensure that implementation of capital projects is done efficiently, timeously and implemented within the required and agreed time frames.

Kwa Sani Municipality therefore pledges its commitment to effective and efficient Service Delivery as outlined in the 2013/14 IDP and Draft Budget.

**Honourable Mayor
Councillor M. Banda**

1.2 Council Resolutions

On 28 March 2013 the Council of Kwa Sani Municipality met in the Municipal Board room to consider the annual budget of the municipality for the financial year 2013/14. The Council noted the budget

1. The Council of Kwa Sani Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) notes:
 - 1.1. The annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 11 on page 18;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 12 on page 20;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 13 on page 21; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 14 on page 23.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 15 on page 25;
 - 1.2.2. Budgeted Cash Flows as contained in Table 16 on page 26;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 17 on page 27;
 - 1.2.4. Asset management as contained in Table 18 on page 28; and
 - 1.2.5. Basic service delivery measurement as contained in Table 19 on page 30.
2. The Council of Kwa Sani Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) notes the tariffs with effect from 1 July 2013
3. To give proper effect to the municipality's annual budget, it must further be noted that:
 - 3.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality's remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in savings to the municipality.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 66 and 67 were used to guide the compilation of the 2013/14 MTREF.

The main challenges experienced during the compilation of the 2013/14 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and buildings infrastructure;
- The need to re-prioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF:

- The 2012/13 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2013/14 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2013/14 MTREF

Description	Adjustments Budget 2012/2013	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Total Operating Revenue	40 845 619	37 663 716	38 965 663	41 138 200
Total Operating Expenditure	39 448 104	37 197 472	38 401 484	40 542 665
Surplus/(Deficit) Budgeted Operating Statement	1 397 515	466 244	564 179	595 535
Total MIG Capital Funding	9 661 284	9 083 000	7 479 000	7 621 000

Operating revenue has decreased by 7 % percent for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget, as a result of roll overs which are included in the adjustment budget the two outer years will grow by 3% and 5% percent respectively

Operating expenditure for the 2013/14 financial year has been appropriated at R37 million and translates into a budgeted surplus of R 466 244.

Capital Expenditure 95% of capital expenditure is funded by the MIG and 5% is funded by Kwa Sani Municipality (internally generated revenue) at the moment Kwa Sani Municipality does not have sufficient funds to cover capital expenditure. For the two outer years, MIG capital expenditure will decrease by 17 per cent as result of a decrease in MIG allocation for 2013/14 and increase by 1 percent in 2015/16 financial year.

Operating Revenue Framework

For Kwa Sani Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in KSM and continued economic development;
- Efficient revenue management, which aims to ensure a 80% annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

KZN432 Kwa Sani – Table A4 Budgeted Financial Performance (revenue by source)

Description R thousand	Ref 1	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source					
Property rates	2	11 861	14 184	14 907	14 638
Property rates - penalties & collection charges		912	877	924	974
Service charges - electricity revenue	2	–	–	–	–
Service charges - water revenue	2	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–
Service charges - refuse revenue	2	2 205	2 083	2 195	2 314
Service charges - other					
Rental of facilities and equipment		318	547	576	607
Interest earned - external investments		720	829	871	913
Interest earned - outstanding debtors		91	235	248	261
Dividends received					
Fines		95	100	105	111
Licences and permits		76	297	526	552
Agency services					

Transfers recognised - operational		24 051	16 826	16 835	18 894
Other revenue	2	518	1 687	1 778	1 874
Gains on disposal of PPE		—	—	—	—
Total Revenue (excluding capital transfers and contributions)		40 846	37 663	38 966	41 138

Table 3 Percentage growth in revenue by main revenue source

KZN432 Kwa Sani - Table A4 Budgeted Financial Performance (revenue and expenditure)							
Description		2013/14 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted Budget	Budget Year 2013/14	% Increase / Decrease	Budget Year +1 2014/15	% Increase / Decrease	Budget Year +2 2015/16	% Increase / Decrease
Revenue By Source							
Property rates	11 861	14 184	20%	14 907	5%	14 638	-2%
Property rates - penalties & collection charges	912	877	-4%	924	5%	974	5%
Service charges - electricity revenue	—	—	0%	—	0%	—	0%
Service charges - water revenue	—	—	0%	—	0%	—	0%
Service charges - sanitation revenue	—	—	0%	—	0%	—	0%
Service charges - refuse revenue	2 205	2 083	-6%	2 195	5%	2 314	5%
Service charges - other			0%		0%		0%
Rental of facilities and equipment	318	547	72%	576	5%	607	5%
Interest earned - external	720	829	15%	871	5%	913	5%

investments							
Interest earned - outstanding debtors	91	235	158%	248	6%	261	5%
Dividends received			0%		0%		0%
Fines	95	100	5%	105	5%	111	6%
Licences and permits	76	297	291%	526	77%	552	5%
Agency services			0%		0%		0%
Transfers recognised – operational	24 051	16 826	-30%	16 835	0%	18 894	12%
Other revenue	518	1 687	226%	1 778	5%	1 874	5%
Gains on disposal of PPE	–	–	0%	–	0%	–	0%
Total Revenue (excluding capital transfers and contributions)	40 846	37 663	-8%	38 966	3%	41 138	6%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Property Rates have increased by 5,6% due to the anticipated inflation rate as outlined in circular 67, the further increase in property rates is due to the Business debt owing the municipality more than 60% of the outstanding debt, it is at this stage probable that the municipality will recover the outstanding rates in the 2013/14 financial year.

All other Revenue has been increased by 5,6% anticipated inflation rate.

There is an expected increase in revenue to be generated from licenses and permits for the municipality. This relates to re-opening of the Licensing Centre to generate addition revenue. Revenue estimates was obtained from the Department of Transport to determine the extent of revenue that will be generated. The municipality has opted to take the conservative approach to prevent over estimating revenue raised. These new operations are expected to commence in the month of August 2013

Operating grants and transfers totals 16,8 million in the 2013/14 financial year and steadily increases to R 18,8million by 2015/16. There is no growth between 2013/14-2014/15, 2015-16 will increase by 12% due to the increase in the equitable share allocation.

Table 4 Operating Transfers and Grant Receipts

Description R thousands	Medium Term Revenue & Expenditure Framework		
	Budget 2013/14	Budget 2014/15	Budget 2015/16
Receipts:			
Operating Transfers & Grants			
National Grants (DORA Allocations)	16 386 000	16 368 000	18 105 000
Equitable Share	12 846 000	13 634 000	15 188 000
Municipal Systems Improvement Grant (MSIG)	890 000	934 000	967 000
Finance Management Grant (FMG)	1 650 000	1 800 000	1 950 000
Expanded Public Works Grant	1 000 000	-	-
Provincial Allocations	454 000	467 000	789 000
Provisionalisation of libraries	334 000	341 000	357 000
Community Library Service Grant	120 000	126 000	132 000
Community Participation in IDP's	-	-	300 000
Total Grants Receivable	16 840 000	16 835 000	18 894 000

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

1.3.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, *inter alia* with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2013/14 financial year based on an average of 5,6 % increase from 1 July 2013 is contained below:

Table 5 Comparison of proposed rates tariffs for the 2013/13 financial year

CAT	CAT Description	Current Tariffs 2012/2013	Proposed Tariffs 2013/2014	R Variance	% Variance
CAT1	RESIDENTIAL	1.114	1.176	0.06	5.6%
CAT2	COMMERCIAL	2.228	2.353	0.13	5.6%
CAT3	AGRICULTURAL	0.279	0.295	0.02	5.6%
CAT4	STATE OWNED	1.114	1.176	0.06	5.6%
CAT5	PSI	0.279	0.295	0.02	5.6%
CAT6	PBO	0.279	0.295	0.02	5.6%
CAT8	TOURISM & HOSPITALITY RURAL	0.557	0.588	0.03	5.6%
CAT9	OTHER	0.279	0.295	0.02	5.6%
CAT10	RESIDENTIAL SMALL HOLDING	1.114	1.176	0.06	5.6%
CAT11	TOURISM & HOSPITALITY URBAN	1.114	1.176	0.06	5.6%

1.3.2 Waste Removal and Impact of Tariff Increases

Category	REFUSE TARIFFS - 2013/2014				
	2012/2013	2013/2014	Variance	% Increase	Reasons
Government Housing	457.32	482.93	25.61	5.6%	
Residential Sectional Title with 75% Pensioners Discount	579.07	611.50	32.43	5.6%	Properties on Sectioanl Title Schemes received 20% discnt because there is one collection point
Residential Full Title with 75% Pensioners Discount	702.75	742.10	39.35	5.6%	
Residential Sectional Title with 50% Pensioners Discount	158.13	166.99	8.86	5.6%	
Residential Full Title with 50% Pensioners Discount	1 447.67	1 528.74	81.07	5.6%	
Residential Sectional Title properties with 20% Discount	2 316.26	2 445.97	129.71	5.6%	
Residential properties	2 895.33	3 057.47	162.14	5.6%	
Small Business					
Small Volumes of Waste and Easy to Handle	3 581.31	3 781.86	200.55	5.6%	
Small Volumes of Waste and Easy to Handle with 20% Discount. Different properties-based on volume of waste, but with one collection point					
Medium					
Significant Volumes of Waste and Easy to Handle	7 314.03	7 723.62	409.59	5.6%	
Medium					
Significant Volumes of Waste and Easy to Handle with 20% Discount. Different properties-based on volume of waste, but with one collection point	5 851.22	6 178.89	327.67	5.6%	
Large					
Significant Volumes of Waste and difficult to Handle with 20% Discount	11 824.40	12 486.57	662.17	5.6%	
Large					
Significant Volumes of Waste and difficult to Handle	14 780.50	15 608.21	827.71	5.6%	
Sectional Title					
Automatic 20% rebate - additional rebate for properties either 50% or 75% based on Income & Assets					

Currently solid waste removal is not operating in the desired manner. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. Also, measures will have to be implemented to ensure that this service is offered equitably to all residents in the KSM region.

The tariff for each category of refuse has increase by of 5.6% for the purposes of this draft budget, however community consultation is still in progress and this rate might change in the final budget compilation.

1.4 Operating Expenditure Framework

The Municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan and

- Operational gains and efficiencies will be directed to funding the capital budget and other core services.

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Table 6 Summary of operating expenditure by standard classification item

KZN432 Kwa Sani - Table A4 Budgeted Expenditure by type				Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
Description	2009/10	2010/11	2011/12	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	Audited Outcome	Audited Outcome	Audited Outcome							
Expenditure By Type										
Employee related costs	7 980	10 414	12 169	13 633	12 882	12 882	12 882	17 769	18 906	20 116
Remuneration of councillors	1 140	722	995	1 323	1 461	1 461	1 461	1 561	1 661	1 767
Debt impairment	25	139	439	3 500	1 230	1 230	1 230	1 000	1 000	1 000
Depreciation & asset impairment	1 414	1 473	1 842	1 770	1 957	1 957	1 957	1 957	2 056	2 158
Finance charges	133	141	185	321	240	240	240	240	253	265
Bulk purchases	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-
Contracted services	4 751	3 505	4 173	4 740	6 085	6 085	6 085	6 621	6 972	7 299
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	27 593	16 327	10 195	9 600	15 593	15 593	15 593	8 049	7 552	7 938
Loss on disposal of PPE	19	-	-	-	-	-	-	-	-	-
Total Expenditure	43 054	32 721	30 000	34 886	39 448	39 448	39 448	37 197	38 401	40 543

The Employee related cost has been increased with the 6.85 % as per Circular 67 and further more critical positions have also been budgeted for as agreed in the strategic planning. These include but not limited to

- SCM Manager
- Revenue Manager
- IT Officer

New positions and appointments in 2012/13 have also attributed to the 48% increase these include

- Human Resources Officer
- Corporate Services Manager
- Performance Management Official
- Woman's Youth and people with disabilities officer and other appointments

Repairs and maintenance have decreased by 13% to due the Small town rehabilitation grant expenditure that has not been budgeted for in the 2013/14 financial year

General Expenditure has been reduced by 30% due to other conditional grants previously budgeted for under general expenditure not included for in 2013/14

Provisions have been reduced by 58% due to the anticipated reversal of the provision for the transfer station of R1,5 Million included in the previous budget

All other line items have been increased by 5,6% projected inflation rate

For the purposes of this budget preparation all unspent conditional grants have not been included in the budget and will be included only on the final budget subject to Rollover approval by the donor departments.

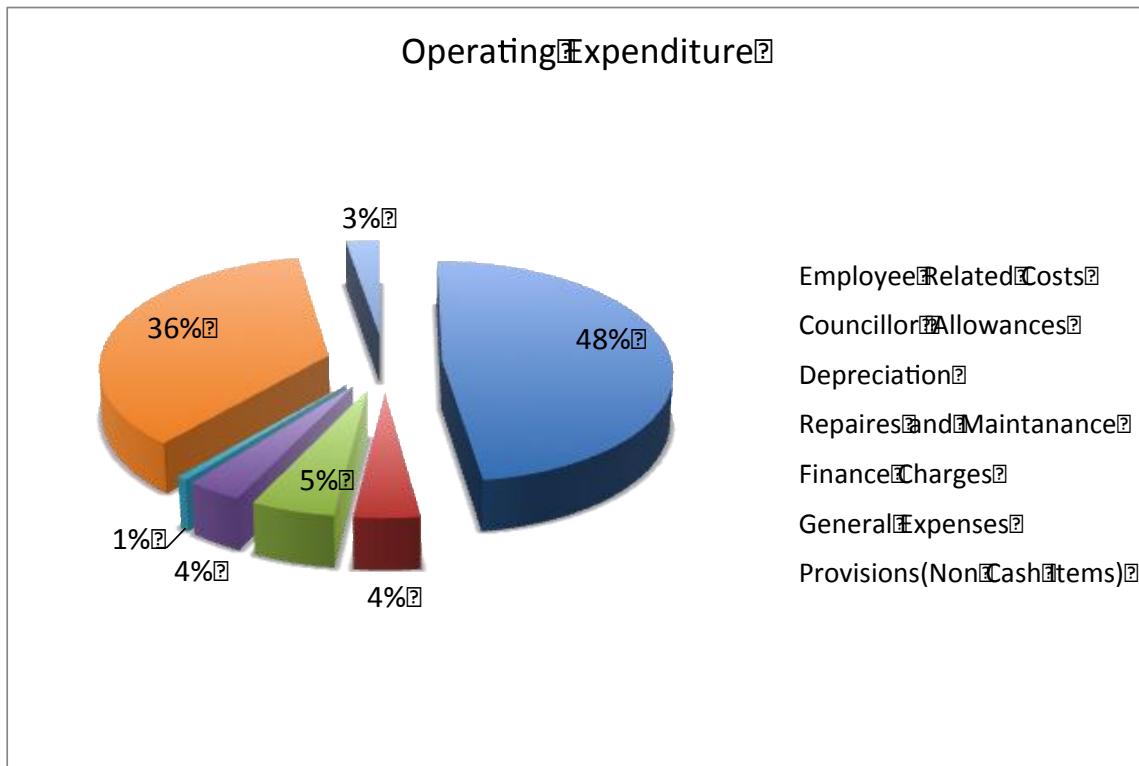


Figure 1 Main operational expenditure categories for the 2013/14 financial year

Table 7 Operational repairs and maintenance

KZN432 Kwa Sani - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'										2013/14 Medium Term Revenue & Expenditure Framework			
Description	Ref	2009/10		2010/11		2011/12		Current Year 2012/13			Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome				
R thousand													
Repairs and Maintenance by Expenditure Item	8												
Employee related costs													
Other materials													
Contracted Services													
Other Expenditure		477		312		1 815		1 371		1 432		1 432	
Total Repairs	9	477		312		1 815		1 371		1 432		1 432	

During the compilation of the 2013/14 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was maintained at 4% in the 2013/14 financial year,

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	Audited Outcome	Audited Outcome	Audited Outcome						
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	–	51	–	1 050	1 051	1 051	816	858	900
Infrastructure - Road transport	–	–	–	1 003	1 000	1 000	765	804	844
Roads, Pavements & Bridges	–	–	–	1 000	1 000	1 000	765	804	844
Storm water	–	–	–	3	–	–	–	–	–
Infrastructure - Other	–	48	–	47	51	51	51	54	57
Waste Management	–	33	–	30	27	27	27	29	30
Transportation	–	15	–	17	24	24	24	25	27
Gas	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Community	200	6	417	16	16	16	16	17	18
Parks & gardens	–	–	–	–	–	–	–	–	–
Sportsfields & stadia	–	6	52	16	16	16	16	17	18
Swimming pools	–	–	–	–	–	–	–	–	–
Community halls	200	–	365	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Other assets	277	256	1 398	305	365	365	474	498	523
General vehicles	–	–	–	93	148	148	60	155	163
Specialised vehicles	84	64	–	70	83	83	83	87	91
Plant & equipment	–	5	52	6	11	11	11	12	12
Computers - hardware/equipment	25	–	200	–	–	–	20	–	–
Furniture and other office equipment	30	22	122	–	–	–	47	49	52
Abattoirs	–	13	–	–	–	–	–	–	–
Markets	–	–	–	–	–	–	–	–	–
Civic Land and Buildings	13	63	–	–	–	–	–	–	–
Other Buildings	86	42	573	136	124	124	144	102	107
Other Land	–	–	382	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)	–	–	–	–	–	–	–	–	–
Other	39	47	69	–	–	–	109	92	97
Total Repairs and Maintenance Expenditure	477	313	1 815	1 371	1 432	1 432	1 306	1 373	1 441
Specialised vehicles	84	64	–	70	83	83	83	87	91
Refuse	84	64	–	70	83	83	83	87	91
Fire	–	–	–	–	–	–	–	–	–
Conservancy	–	–	–	–	–	–	–	–	–
Ambulances	–	–	–	–	–	–	–	–	–

For the 2013/14 financial year, 62% of total repairs and maintenance will be spent on infrastructure assets and 38% on other municipal assets

1.5 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

KZN432 Kwa Sani - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework			
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote											
Multi-year expenditure to be appropriated											
Vote 1 - Governance & Administration	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Community & Public Safety	-	-	-	-	2 130	2 130	2 130	1 601	4 207	-	-
Vote 3 - Trading Services	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Economic and Environmental Services	-	-	-	-	6 416	6 416	6 416	7 482	-	-	-
Vote 5 - Other	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	8 547	8 547	8 547	9 083	4 207	-	-
Single-year expenditure to be appropriated											
Vote 1 - Governance & Administration	-	1 174	900	525	647	647	647	70	-	-	-
Vote 2 - Community & Public Safety	9 192	2 005	3 457	4 990	2 151	2 151	2 151	380	-	-	-
Vote 3 - Trading Services	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Economic and Environmental Services	-	1 690	5 984	5 049	2 768	2 768	2 768	-	3 272	7 621	-
Vote 5 - Other	171	-	-	13	13	13	13	-	-	-	-
Capital single-year expenditure sub-total	9 363	4 869	10 341	10 577	5 579	5 579	5 579	450	3 272	7 621	
Total Capital Expenditure - Vote	9 363	4 869	10 341	10 577	14 126	14 126	14 126	9 533	7 479	7 621	
Capital Expenditure - Standard											
Governance and administration	-	1 174	900	525	655	655	655	70	-	-	-
Executive and council	-	-	-	440	581	581	581	-	-	-	-
Budget and treasury office	-	1 174	900	85	74	74	74	70	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-	-	-
Community and public safety	9 192	2 005	3 456	4 990	4 812	4 812	4 812	1 981	4 207	1 143	
Community and social services	9 192	1 223	3 456	2 168	1 979	1 979	1 979	1 681	4 207	-	-
Sport and recreation	-	769	-	2 820	2 819	2 819	2 819	-	-	1 143	-
Public safety	-	-	13	2	14	14	14	300	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	-	1 690	5 984	5 049	9 189	9 189	9 189	7 482	3 272	6 478	
Planning and development	-	-	-	334	21	21	21	-	-	-	-
Road transport	-	1 690	5 984	4 715	9 168	9 168	9 168	7 482	3 272	6 478	
Environmental protection	-	-	-	-	-	-	-	-	-	-	-
Trading services	-	-	-	-	265	265	265	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	265	265	265	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	-	-
Other	171	-	-	13	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	9 363	4 869	10 341	10 577	14 921	14 921	14 921	9 533	7 479	7 621	
Funded by:											
National Government	4 251	2 913	7 793	9 567	9 674	9 674	9 674	9 097	7 479	7 621	
Provincial Government	-	769	-	-	3 061	3 061	3 061	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4 251	3 682	7 793	9 567	12 735	12 735	12 735	9 097	7 479	7 621	
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	28	365	365	365	365	300	-	-	-
Internally generated funds	5 112	1 187	2 521	645	1 025	1 025	1 025	136	-	-	-
Total Capital Funding	9 363	4 869	10 341	10 577	14 126	14 126	14 126	9 533	7 479	7 621	

Table 8 2013/14 Medium-term capital budget per vote

KZN432 Kwa Sani - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding								2013/14 Medium Term Revenue & Expenditure Framework		
Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13				Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome			
Capital expenditure - Municipal Vote										
Multi-year expenditure appropriation										
Vote 1 - Governance & Administration	-	-	-	-	-	-	-	-	-	-
Vote 2 - Community & Public Safety	-	-	-	-	2 130	2 130	2 130	1 601	4 207	-
Community and social services					120	120	120	490	4 207	-
Sport and recreation					2 010	2 010	2 010	1 112	-	-
Vote 3 - Trading Services	-	-	-	-	-	-	-	-	-	-
Vote 4 - Economic and Environmental Services	-	-	-	-	6 416	6 416	6 416	7 482	-	-
Planning and Development					6 416	6 416	6 416	-	-	-
Roads and Transport					6 416	6 416	6 416	7 482	-	-
Vote 5 - Other	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	8 547	8 547	8 547	9 083	4 207	-
Capital expenditure - Municipal Vote										
Single-year expenditure appropriation										
Vote 1 - Governance & Administration	-	1 174	900	525	647	647	647	70	-	-
Executive and council	-	-	-	440	563	563	563	-		
Budget and treasury office	-	1 174	900	85	84	84	84	70		
Vote 2 - Community & Public Safety	9 192	2 005	3 457	4 990	2 151	2 151	2 151	380	-	-
Community and social services	9 192	1 223	3 457	2 168	2 140	2 140	2 140	80		
Sport and recreation	-	769	-	2 820						
Public safety	-	13	-	2	11	11	11	300		
Vote 3 - Trading Services	-	-	-	-	-	-	-	-	-	-
Vote 4 - Economic and Environmental Services	-	1 690	5 984	5 049	2 768	2 768	2 768	-	3 272	7 621
Planning and Development	-	-	-	334	35	35	35			
Roads and Transport	-	1 690	5 984	4 715	2 733	2 733	2 733		3 272	7 621
Vote 5 - Other	171	-	-	13	13	13	13	-	-	-
Tourism	171	-	-	13	13	13	13			
Capital single-year expenditure sub-total	9 363	4 869	10 341	10 577	5 579	5 579	5 579	450	3 272	7 621
Total Capital Expenditure	9 363	4 869	10 341	10 577	14 126	14 126	14 126	9 533	7 479	7 621

For 2013/14 an amount of R9 million has been appropriated for the development of infrastructure in the total capital budget. In the outer years this amount totals R7,4 million and R7,6 million respectively for each of the financial years.

1.6 Annual Budget Tables - Parent Municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as noted by the Council.

Table 9 MBRR Table A1 - Budget Summary

KZN432 Kwa Sani - Table A1 Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework			
	R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Financial Performance											
Property rates	7 953	9 974	10 785	12 576	12 773	12 773	12 773	15 061	15 831	15 612	
Service charges	1 689	1 800	1 925	2 496	2 205	2 205	2 205	2 083	2 195	2 314	
Investment revenue	489	480	820	582	720	720	720	829	871	913	
Transfers recognised - operational	32 636	19 459	15 040	16 243	24 051	24 051	24 051	16 826	16 835	18 894	
Other own revenue	1 365	1 222	1 067	3 042	1 097	1 097	1 097	2 865	3 233	3 405	
Total Revenue (excluding capital transfers and contributions)	44 133	32 935	29 638	34 939	40 846	40 846	40 846	37 663	38 966	41 138	
Employee costs	7 980	10 414	12 169	13 633	12 882	12 882	12 882	17 769	18 906	20 116	
Remuneration of councillors	1 140	722	995	1 323	1 461	1 461	1 461	1 561	1 661	1 767	
Depreciation & asset impairment	1 414	1 473	1 842	1 770	1 957	1 957	1 957	1 957	2 056	2 158	
Finance charges	133	141	185	321	240	240	240	240	253	265	
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-	
Transfers and grants	-	-	-	-	-	-	-	-	-	-	
Other expenditure	32 388	19 971	14 808	17 840	22 908	22 908	22 908	15 670	15 525	16 237	
Total Expenditure	43 054	32 721	30 000	34 886	39 448	39 448	39 448	37 197	38 401	40 543	
Surplus/(Deficit)	1 080	213	(362)	53	1 398	1 398	1 398	466	565	595	
Transfers recognised - capital	8 313	2 767	7 793	-	-	-	-	-	-	-	
Contributions recognised - capital & contributed as	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions	9 393	2 980	7 431	53	1 398	1 398	1 398	466	565	595	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) for the year	9 393	2 980	7 431	53	1 398	1 398	1 398	466	565	595	
Capital expenditure & funds sources											
Capital expenditure	9 363	4 869	10 341	10 577	14 921	14 921	14 921	9 533	7 479	7 621	
Transfers recognised - capital	4 251	3 682	7 793	9 567	12 735	12 735	12 735	9 097	7 479	7 621	
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	
Borrowing	-	-	28	365	365	365	365	300	-	-	
Internally generated funds	5 112	1 187	2 521	645	1 025	1 025	1 025	136	-	-	
Total sources of capital funds	9 363	4 869	10 341	10 577	14 126	14 126	14 126	9 533	7 479	7 621	
Financial position											
Total current assets	16 542	18 372	29 027	11 267	31 929	31 929	31 929	27 912	24 491	23 236	
Total non current assets	60 885	64 046	65 725	74 180	77 894	77 894	77 894	85 469	90 892	96 356	
Total current liabilities	14 651	14 773	24 554	382	18 574	18 574	18 574	3 314	3 177	3 198	
Total non current liabilities	3 483	3 457	3 634	3 845	4 944	4 944	4 944	4 537	4 108	4 084	
Community wealth/Equity	59 293	64 188	66 564	81 220	86 305	86 305	86 305	105 530	108 098	112 309	
Cash flows											
Net cash from (used) operating	13 382	3 937	9 634	8 431	16 185	16 185	16 185	11 001	9 543	9 837	
Net cash from (used) investing	(12 996)	(3 955)	(8 080)	(3 954)	(14 925)	(14 925)	(14 925)	(9 533)	(7 479)	(7 621)	
Net cash from (used) financing	(339)	(322)	74	(1 278)	(385)	(385)	(385)	(485)	(485)	(485)	
Cash/cash equivalents at the year end	1 107	767	2 396	5 595	3 271	3 271	3 271	4 254	5 833	7 564	
Cash backing/surplus reconciliation											
Cash and investments available	13 290	13 137	22 783	26 182	26 257	26 257	26 257	22 240	18 819	17 564	
Application of cash and investments	16 782	8 385	14 837	(4 528)	12 884	12 884	12 884	(2 394)	(2 554)	(2 540)	
Balance - surplus (shortfall)	(3 492)	4 752	7 946	30 710	13 373	13 373	13 373	24 634	21 373	20 104	
Asset management											
Asset register summary (WDV)	20 658	33 804	65 725	74 180	77 894	77 894	85 469	85 469	90 892	96 356	
Depreciation & asset impairment	1 414	1 473	1 842	1 770	1 957	1 957	1 957	1 957	2 056	2 158	
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-	
Repairs and Maintenance	477	313	1 815	1 371	1 432	1 432	1 306	1 306	1 373	1 441	

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2014/15, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor.

Table 10 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN432 Kwa Sani - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15
Revenue - Standard											
<i>Governance and administration</i>		28 621	33 186	34 803	30 997	30 913	30 913	33 399	33 347	35 206	
Executive and council		–	6 653	480	1 144	1 005	1 005	2 353	2 485	2 623	
Budget and treasury office		28 621	26 533	34 322	29 853	29 908	29 908	31 047	30 862	32 583	
Corporate services		–	–	–	–	–	–	–	–	–	
<i>Community and public safety</i>		21 820	185	559	261	7 456	7 456	1 672	2 881	3 042	
Community and social services		21 785	92	434	257	7 361	7 361	1 572	2 775	2 930	
Sport and recreation		–	–	–	–	–	–	–	–	–	
Public safety		35	92	125	5	96	96	100	106	111	
Housing		–	–	–	–	–	–	–	–	–	
Health		–	–	–	–	–	–	–	–	–	
<i>Economic and environmental services</i>		269	457	515	955	167	167	410	433	456	
Planning and development		128	371	417	340	91	91	113	119	126	
Road transport		142	87	99	615	76	76	297	314	331	
Environmental protection		–	–	–	–	–	–	–	–	–	
<i>Trading services</i>		1 736	1 873	1 554	2 723	2 309	2 309	2 182	2 305	2 434	
Electricity		–	–	–	–	–	–	–	–	–	
Water		–	–	–	–	–	–	–	–	–	
Waste water management		–	–	–	–	–	–	–	–	–	
Waste management		1 736	1 873	1 554	2 723	2 309	2 309	2 182	2 305	2 434	
<i>Other</i>	4	–	–	–	3	–	–	–	–	–	
Total Revenue - Standard	2	52 446	35 702	37 430	34 939	40 846	40 846	37 663	38 966	41 138	
Expenditure - Standard											
<i>Governance and administration</i>		12 139	20 920	15 905	20 490	18 853	18 853	20 141	16 484	17 404	
Executive and council		3 481	11 230	4 867	5 881	5 011	5 011	5 624	5 939	6 270	
Budget and treasury office		8 658	9 690	11 039	14 608	13 842	13 842	14 517	10 545	11 133	
Corporate services		–	–	–	–	–	–	–	–	–	
<i>Community and public safety</i>		27 234	7 014	6 602	8 181	14 324	14 324	10 165	14 639	15 456	
Community and social services		25 417	4 830	4 089	5 890	11 260	11 260	7 356	11 673	12 324	
Sport and recreation		–	–	–	–	–	–	–	–	–	
Public safety		1 817	2 184	2 514	2 291	3 064	3 064	2 809	2 966	3 132	
Housing		–	–	–	–	–	–	–	–	–	
Health		–	–	–	–	–	–	–	–	–	
<i>Economic and environmental services</i>		1 701	2 248	3 638	3 665	3 577	3 577	3 941	4 162	4 394	
Planning and development		1 118	1 518	2 459	1 533	1 767	1 767	2 211	2 335	2 465	
Road transport		584	729	1 179	2 132	1 810	1 810	1 730	1 828	1 929	
Environmental protection		–	–	–	–	–	–	–	–	–	
<i>Trading services</i>		1 592	2 003	3 216	1 545	1 722	1 722	1 818	1 920	2 027	
Electricity		–	–	–	–	–	–	–	–	–	
Water		–	–	–	–	–	–	–	–	–	
Waste water management		–	–	–	–	–	–	–	–	–	
Waste management		1 592	2 003	3 216	1 545	1 722	1 722	1 818	1 920	2 027	
<i>Other</i>	4	387	537	638	1 006	972	972	1 132	1 196	1 262	
Total Expenditure - Standard	3	43 054	32 721	30 000	34 886	39 448	39 448	37 197	38 401	40 543	
Surplus/(Deficit) for the year		9 393	2 980	7 431	53	1 398	1 398	466	565	595	

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Governance and Trading functions, but not the Economic, Community and Public Services and Other function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Governance Vote.

Table 11 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN432 Kwa Sani - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote	1									
Vote 1 - Governance & Administration		28 621	33 186	34 803	31 000	30 913	30 913	33 399	33 347	35 206
Vote 2 - Community & Public Safety		21 820	185	559	261	7 456	7 456	1 672	2 881	3 042
Vote 3 - Trading Services		1 736	1 873	1 554	2 723	2 309	2 309	2 182	2 305	2 434
Vote 4 - Economic and Environmental Services		269	457	515	955	167	167	410	433	456
Vote 5 - Other		-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	52 446	35 702	37 430	34 939	40 846	40 846	37 663	38 966	41 138
Expenditure by Vote to be appropriated	1									
Vote 1 - Governance & Administration		12 139	20 920	15 905	20 490	18 853	18 853	20 141	16 484	17 404
Vote 2 - Community & Public Safety		27 234	7 014	6 602	8 181	14 324	14 324	10 165	14 639	15 456
Vote 3 - Trading Services		1 592	2 003	3 216	1 545	1 722	1 722	1 818	1 920	2 027
Vote 4 - Economic and Environmental Services		1 701	2 248	3 638	3 665	3 577	3 577	3 941	4 162	4 394
Vote 5 - Other		387	537	638	1 006	972	972	1 132	1 196	1 262
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	43 054	32 721	30 000	34 886	39 448	39 448	37 197	38 401	40 543
Surplus/(Deficit) for the year	2	9 393	2 980	7 431	53	1 398	1 398	466	565	595

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote

Table 12 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN432 Kwa Sani - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source											
Property rates	2	7 345	8 939	10 001	12 427	11 861	11 861	11 861	14 184	14 907	14 638
Property rates - penalties & collection charges		608	1 036	784	149	912	912	912	877	924	974
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	1 689	1 800	1 925	2 496	2 205	2 205	2 205	2 083	2 195	2 314
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		236	220	242	403	318	318	318	547	576	607
Interest earned - external investments		489	480	820	582	720	720	720	829	871	913
Interest earned - outstanding debtors		-	-	-	208	91	91	91	235	248	261
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		42	92	125	35	95	95	95	100	105	111
Licences and permits		144	86	99	612	76	76	76	297	526	552
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		32 636	19 459	15 040	16 243	24 051	24 051	24 051	16 826	16 835	18 894
Other revenue	2	852	778	525	1 784	518	518	518	1 687	1 778	1 874
Gains on disposal of PPE		93	45	78	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		44 133	32 935	29 638	34 939	40 846	40 846	40 846	37 663	38 966	41 138
Expenditure By Type											
Employee related costs	2	7 980	10 414	12 169	13 633	12 882	12 882	12 882	17 769	18 906	20 116
Remuneration of councillors		1 140	722	995	1 323	1 461	1 461	1 461	1 561	1 661	1 767
Debt impairment	3	25	139	439	3 500	1 230	1 230	1 230	1 000	1 000	1 000
Depreciation & asset impairment	2	1 414	1 473	1 842	1 770	1 957	1 957	1 957	1 957	2 056	2 158
Finance charges		133	141	185	321	240	240	240	240	253	265
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		4 751	3 505	4 173	4 740	6 085	6 085	6 085	6 621	6 972	7 299
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	27 593	16 327	10 195	9 600	15 593	15 593	15 593	8 049	7 552	7 938
Loss on disposal of PPE		19	-	-	-	-	-	-	-	-	-
Total Expenditure		43 054	32 721	30 000	34 886	39 448	39 448	39 448	37 197	38 401	40 543
Surplus/(Deficit)		1 080	213	(362)	53	1 398	1 398	1 398	466	565	595
Transfers recognised - capital		8 313	2 767	7 793	-	-	-	-	-	-	-
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		9 393	2 980	7 431	53	1 398	1 398	1 398	466	565	595
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		9 393	2 980	7 431	53	1 398	1 398	1 398	466	565	595
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		9 393	2 980	7 431	53	1 398	1 398	1 398	466	565	595
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		9 393	2 980	7 431	53	1 398	1 398	1 398	466	565	595

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R42 million in 2013/14 and decreases to R41 million by 2015/16.
2. Revenue to be generated from property rates is R14 million in the 2013/14 financial year and increases to R15 million by 2015/16 which represents 5% increase in the rates operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Services charges relating to refuse removal and constitutes R2 million of the revenue basket of KSM.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.

Table 13 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN432 Kwa Sani - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Governance & Administration		–	–	–	–	–	–	–	–	–	–
Vote 2 - Community & Public Safety		–	–	–	–	2 130	2 130	2 130	1 601	4 207	–
Vote 3 - Trading Services		–	–	–	–	–	–	–	–	–	–
Vote 4 - Economic and Environmental Services		–	–	–	–	6 416	6 416	6 416	7 482	–	–
Vote 5 - Other		–	–	–	–	–	–	–	–	–	–
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	–	–	–	–	8 547	8 547	8 547	9 083	4 207	–
Single-year expenditure to be appropriated	2										
Vote 1 - Governance & Administration		–	1 174	900	525	647	647	647	70	–	–
Vote 2 - Community & Public Safety		9 192	2 005	3 457	4 990	2 151	2 151	2 151	380	–	–
Vote 3 - Trading Services		–	–	–	–	–	–	–	–	–	–
Vote 4 - Economic and Environmental Services		–	1 690	5 984	5 049	2 768	2 768	2 768	–	3 272	7 621
Vote 5 - Other		171	–	–	13	13	13	13	13	–	–
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	9 363	4 869	10 341	10 577	5 579	5 579	5 579	450	3 272	7 621	
Total Capital Expenditure - Vote		9 363	4 869	10 341	10 577	14 126	14 126	14 126	9 533	7 479	7 621
Capital Expenditure - Standard											
Governance and administration		–	1 174	900	525	655	655	655	70	–	–
Executive and council		–	–	–	440	581	581	581	–	–	–
Budget and treasury office		–	1 174	900	85	74	74	74	70	–	–
Corporate services		–	–	–	–	–	–	–	–	–	–
Community and public safety	9 192	2 005	3 456	4 990	4 812	4 812	4 812	4 812	1 981	4 207	1 143
Community and social services	9 192	1 223	3 456	2 168	1 979	1 979	1 979	1 979	1 681	4 207	–
Sport and recreation		769	–	2 820	2 819	2 819	2 819	2 819	–	–	1 143
Public safety		13	–	2	14	14	14	14	300	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services	–	1 690	5 984	5 049	9 189	9 189	9 189	9 189	7 482	3 272	6 478
Planning and development		–	–	334	21	21	21	21	–	–	–
Road transport		–	1 690	5 984	4 715	9 168	9 168	9 168	7 482	3 272	6 478
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services	–	–	–	–	265	265	265	265	–	–	–
Electricity		–	–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–	–
Other	171	–	–	–	13	–	–	–	–	–	–
Total Capital Expenditure - Standard	3	9 363	4 869	10 341	10 577	14 921	14 921	14 921	9 533	7 479	7 621
Funded by:											
National Government		4 251	2 913	7 793	9 567	9 674	9 674	9 674	9 097	7 479	7 621
Provincial Government		–	769	–	3 061	3 061	3 061	3 061	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	4 251	3 682	7 793	9 567	12 735	12 735	12 735	9 097	7 479	7 621
Public contributions & donations	5	–	–	28	365	365	365	365	300	–	–
Borrowing	6	5 112	1 187	2 521	645	1 025	1 025	1 025	136	–	–
Internally generated funds		–	–	–	–	–	–	–	–	–	–
Total Capital Funding	7	9 363	4 869	10 341	10 577	14 126	14 126	14 126	9 533	7 479	7 621

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. The capital expenditure has been appropriated at 9,5million for the 2013/14 financial year and remains relatively constant over the MTREF and decreases to R7,4 million and 7,6 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of KSM. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against multi-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from current year surpluses.

Table 14 MBRR Table A6 - Budgeted Financial Position

KZN432 Kwa Sani - Table A6 Budgeted Financial Position

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
ASSETS											
Current assets											
Cash		60	696	2 396	2 995	3 271	3 271	3 271	4 254	5 833	7 564
Call investment deposits	1	13 230	12 372	20 386	2 600	22 986	22 986	22 986	17 986	12 986	10 000
Consumer debtors	1	2 648	4 713	5 371	5 119	5 119	5 119	5 119	5 119	5 119	5 119
Other debtors		604	591	866	553	553	553	553	553	553	553
Current portion of long-term receivables		–	–	6					–	–	–
Inventory	2								–	–	–
Total current assets		16 542	18 372	29 027	11 267	31 929	31 929	31 929	27 912	24 491	23 236
Non current assets											
Long-term receivables											
Investments											
Investment property		20 587	20 587	20 587	20 587	–	20 587	20 587	20 587	20 587	20 587
Investment in Associate											
Property, plant and equipment	3	40 227	43 393	45 138	53 570	57 284	57 284	57 284	64 859	70 282	75 746
Agricultural											
Biological											
Intangible		71	65		23	23	23	23	23	23	23
Other non-current assets											
Total non current assets		60 885	64 046	65 725	74 180	77 894	77 894	77 894	85 469	90 892	96 356
TOTAL ASSETS		77 427	82 418	94 752	85 447	109 823	109 823	109 823	113 381	115 383	119 591
LIABILITIES											
Current liabilities											
Bank overdraft	1		(69)	–							
Borrowing	4	322	166	827	490	385	385	385	406	429	436
Consumer deposits				6							
Trade and other payables	4	14 330	14 676	20 988	(108)	18 189	18 189	18 189	2 908	2 748	2 762
Provisions				2 733							
Total current liabilities		14 651	14 773	24 554	382	18 574	18 574	18 574	3 314	3 177	3 198
Non current liabilities											
Borrowing		2 083	1 916	3 233	1 723	2 848	2 848	2 848	2 442	2 013	1 989
Provisions		1 400	1 540	401	2 122	2 095	2 095	2 095	2 095	2 095	2 095
Total non current liabilities		3 483	3 457	3 634	3 845	4 944	4 944	4 944	4 537	4 108	4 084
TOTAL LIABILITIES		18 134	18 230	28 188	4 227	23 518	23 518	23 518	7 852	7 285	7 283
NET ASSETS	5	59 293	64 188	66 564	81 220	86 305	86 305	86 305	105 530	108 098	112 309
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		52 552	64 188	66 478	81 220	86 219	86 219	86 219	105 444	108 012	112 223
Reserves	4	6 741	–	86	–	86	86	86	86	86	86
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	59 293	64 188	66 564	81 220	86 305	86 305	86 305	105 530	108 098	112 309

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 15 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 15 MBRR Table A7 - Budgeted Cash Flow Statement

KZN432 Kwa Sani - Table A7 Budgeted Cash Flows

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other	1	14 396	15 361	13 700	14 116	15 280	15 280	15 280	19 008	20 197	20 264
Government - operating	1	32 636	11 690	14 946	16 243	24 051	24 051	24 051	16 826	16 835	18 894
Government - capital		8 313	10 535	7 887	10 577	12 641	12 641	12 641	9 097	7 479	7 621
Interest		489	480	820	582	684	684	684	829	871	913
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(42 320)	(33 873)	(27 533)	(32 767)	(36 231)	(36 231)	(36 231)	(35 000)	(36 092)	(38 120)
Finance charges		(132)	(256)	(185)	(321)	(240)	(240)	(240)	240	253	265
Transfers and Grants	1	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		13 382	3 937	9 634	8 431	16 185	16 185	16 185	11 001	9 543	9 837
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		(9 275)	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current debtors		–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	–	23	–	–	–	–	–	–
Decrease (increase) in non-current investments		(3 649)	931	2 261	6 600	(799)	(799)	(799)	–	–	–
Payments											
Capital assets		(72)	(4 886)	(10 341)	(10 577)	(14 126)	(14 126)	(14 126)	(9 533)	(7 479)	(7 621)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(12 996)	(3 955)	(8 080)	(3 954)	(14 925)	(14 925)	(14 925)	(9 533)	(7 479)	(7 621)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits									–	–	–
Payments											
Repayment of borrowing		(339)	(322)	(441)	(556)	(385)	(385)	(385)	(485)	(485)	(485)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(339)	(322)	74	(1 278)	(385)	(385)	(385)	(485)	(485)	(485)
NET INCREASE/ (DECREASE) IN CASH HELD		47	(340)	1 629	3 199	875	875	875	983	1 579	1 731
Cash/cash equivalents at the year begin:	2	1 060	1 107	767	2 396	2 396	2 396	2 396	3 271	4 254	5 833
Cash/cash equivalents at the year end:	2	1 107	767	2 396	5 595	3 271	3 271	3 271	4 254	5 833	7 564

Table 16 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN432 Kwa Sani - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available											
Cash/cash equivalents at the year end	1	1 107	767	2 396	5 595	3 271	3 271	3 271	4 254	5 833	7 564
Other current investments > 90 days		12 183	12 370	20 387	0	22 986	22 986	22 986	17 986	12 986	10 000
Non current assets - Investments	1	–	–	–	20 587	–	–	–	–	–	–
Cash and investments available:		13 290	13 137	22 783	26 182	26 257	26 257	26 257	22 240	18 819	17 564
Application of cash and investments											
Unspent conditional transfers		–	–	10 918	–	18 189	18 189	18 189	908	748	762
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	10 041	8 385	3 833	(4 528)	(5 391)	(5 391)	(5 391)	(3 388)	(3 388)	(3 388)
Other provisions	4	–	–	–	–	–	–	–	–	–	–
Long term investments committed	5	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	6 741	–	86	–	86	86	86	86	86	86
Total Application of cash and investments:		16 782	8 385	14 837	(4 528)	12 884	12 884	12 884	(2 394)	(2 554)	(2 540)
Surplus(shortfall)		(3 492)	4 752	7 946	30 710	13 373	13 373	13 373	24 634	21 373	20 104

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. Cash levels of R4.7 million in 2010/11 increased to R7.9 million in 2011/2012.
4. The municipality is planning to recover cash in terms of a debt collection strategy from consumers to ensure sufficient cash is available to meet daily requirements.
5. The 2013/14 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals to R4.2 million as at the end of the 2013/14 financial year and escalates to R5.8 million by 2014/15.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be “funded”.
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2010/11 to 2012/13 the surplus increased from R 4.7 million to R13.3 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2013/14 MTREF is funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2013/14 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modeled to progressively move from a deficit of R3.4 million in 2009/10 to a surplus of R13.3 million by 2012/13.

Table 17 MBRR Table A9 - Asset Management

ANNUAL BUDGET 2013/2014

KZN432 Kwa Sani - Table A9 Asset Management

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	-	-	-	-	-	-	-	-	-
ASSET REGISTER SUMMARY - PPE (WDV)	5	-	1 789	10 587	16 603	19 503	19 503	25 577	28 849	36 470
Infrastructure - Road transport		-	7 488	135	-	-	-	1 408	1 267	1 126
Infrastructure - Electricity		-	-	657	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	22 309	-	11 906	11 906	11 906	9 144	9 230	-
Infrastructure		9 277	33 689	16 603	31 409	31 409	38 045	39 260	46 826	-
Community		2 103	9 600	19 475	12 802	12 802	13 292	17 500	16 749	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		20 587	20 587	20 587	-	20 587	20 587	20 587	20 587	-
Other assets		-	1 771	1 849	38 080	13 073	13 073	13 523	13 523	12 171
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		71	65	-	23	23	23	23	23	23
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	20 658	33 804	65 725	74 180	77 894	77 894	85 469	90 892	96 356
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		1 414	1 473	1 842	1 770	1 957	1 957	1 957	2 056	2 158
Repairs and Maintenance by Asset Class	3	477	313	1 815	1 371	1 432	1 432	1 306	1 373	1 441
Infrastructure - Road transport		-	-	-	1 003	1 000	1 000	765	804	844
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	3	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	48	-	47	51	51	51	54	57
Infrastructure		-	51	-	1 050	1 051	1 051	816	858	900
Community		200	6	417	16	16	16	16	17	18
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	277	256	1 398	305	365	365	474	498	523
TOTAL EXPENDITURE OTHER ITEMS		1 891	1 786	3 657	3 141	3 389	3 389	3 263	3 429	3 599
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		1.2%	0.7%	4.0%	2.6%	2.5%	2.5%	2.0%	2.0%	1.9%
Renewal and R&M as a % of PPE		2.0%	1.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet the recommendations.

Table 18 MBRR Table A10 - Basic Service Delivery Measurement

KZN432 Kwa Sani - Table A10 Basic service delivery measurement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets	1									
Water:										
Piped water inside dwelling		—	—	—	—	—	—	—	—	—
Piped water inside yard (but not in dwelling)		—	—	—	—	—	—	—	—	—
Using public tap (at least min. service level)	2	—	—	—	—	—	—	—	—	—
Other water supply (at least min. service level)	4	—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		—	—	—	—	—	—	—	—	—
Using public tap (< min. service level)	3	—	—	—	—	—	—	—	—	—
Other water supply (< min. service level)	4	—	—	—	—	—	—	—	—	—
No water supply		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—	—
Total number of households	5	—	—	—	—	—	—	—	—	—
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		—	—	—	—	—	—	—	—	—
Flush toilet (with septic tank)		—	—	—	—	—	—	—	—	—
Chemical toilet		—	—	—	—	—	—	—	—	—
Pit toilet (ventilated)		—	—	—	—	—	—	—	—	—
Other toilet provisions (> min. service level)		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		—	—	—	—	—	—	—	—	—
Bucket toilet		—	—	—	—	—	—	—	—	—
Other toilet provisions (< min. service level)		—	—	—	—	—	—	—	—	—
No toilet provisions		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—	—
Total number of households	5	—	—	—	—	—	—	—	—	—
Energy:										
Electricity (at least min. service level)		50	50		50	50	50			
Electricity - prepaid (min. service level)		—	—		—	—	—			
<i>Minimum Service Level and Above sub-total</i>		50	50	—	50	50	50	—	—	—
Electricity (< min. service level)		—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)		—	—	—	—	—	—	—	—	—
Other energy sources		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—	—
Total number of households	5	50	50	—	50	50	50	—	—	—
Refuse:										
Removed at least once a week		1	1	1 200	1	1 200	1 200	1 320	1 584	2 059
<i>Minimum Service Level and Above sub-total</i>		823	1 200	1 200	1 200	1 200	1 200	1 320	1 584	2 059
Removed less frequently than once a week		—	—	—	—	—	—	—	—	—
Using communal refuse dump		—	—	—	—	—	—	—	—	—
Using own refuse dump		3 153	3	2 820	3	2 820	2 820	3 102	3 722	4 839
Other rubbish disposal		—	—	—	—	—	—	—	—	—
No rubbish disposal		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		3 153	2 820	2 820	2 820	2 820	2 820	3 102	3 722	4 839
Total number of households	5	3 976	4 020	4 020	4 020	4 020	4 020	4 422	5 306	6 898
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (free minimum level service)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per household per month)		—	—	—	—	111	111	122	147	190
Refuse (removed at least once a week)		0	0	—	111	111	111	122	147	190
Cost of Free Basic Services provided (R'000)	8	—	—	—	—	—	—	—	—	—
Water (6 kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (free sanitation service)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per household per month)		—	—	—	—	—	—	—	—	—
Refuse (removed once a week)		114	51	126	132	132	132	145	174	226
Total cost of FBS provided (minimum social package)		114	51	126	132	132	132	145	174	226
Highest level of free service provided										
Property rates (R value threshold)		49 683	7 823 199	15 646 398	39 325	39 325	39 325	43 257	51 909	67 481
Water (kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (Rand per household per month)		—	—	—	—	—	—	—	—	—
Electricity (kwh per household per month)		50	50	50	50	50	50	55	66	86
Refuse (average litres per week)		50	50	50	50	50	50	55	66	86
Revenue cost of free services provided (R'000)	9	66	129	258	17 280	17 280	17 280	19 008	22 810	29 652
Property rates (R15 000 threshold rebate)		7	—	—	4 854	5 141	5 141	5 655	6 786	8 822
Property rates (other exemptions, reductions and rebates)		—	—	—	—	—	—	—	—	—
Water		—	—	—	—	—	—	—	—	—
Sanitation		—	—	—	—	—	—	—	—	—
Electricity/other energy		—	—	—	—	—	—	—	—	—
Refuse		—	—	—	311	305	305	336	403	523
Municipal Housing - rental rebates		280	120	240	—	—	—	—	—	—
Housing - top structure subsidies		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Total revenue cost of free services provided (total social package)		353	249	498	22 445	22 726	22 726	24 999	29 998	38 998

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality reports on backlogs for :
 - a. Refuse services
3. The budget provides for 111 households to be registered as indigent in 2012/13, and therefore entitled to receiving Free Basic Services. The number is set to increase to 190 households given by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R0.145 million in 2012/13, increasing to R0.226 million in 2014/15. This is covered by the municipality's equitable share allocation from national government.

Part 2 – Supporting Documentation

3.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the CFO.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

3.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2011. Key dates applicable to the process were:

- **15 March 2013** – Joint strategic planning session of the Council and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2013/14 MTREF;
- **November 2012** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **3 to 7 January 2013** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2013** – Multi-year budget proposals are submitted to the Council for endorsement;
- **14 February 2013** - Council considers the 2011/12 Mid-year Review and Adjustments Budget;

- **February 2013** - Recommendations of the Council are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2013/14 MTREF is revised accordingly;
- **28 March 2013** - Tabling in Council of the draft 2012/13 IDP and 2012/13 MTREF for public consultation;
- **16-24 April 2013** – Public consultation;
- **6 May 2013** - Closing date for written comments;
- **6 to 25 May 2013** – finalisation of the 2013/14 IDP and 2012/13 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2013** - Tabling of the 2013/14 MTREF before Council for consideration and approval.

3.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2013/13 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2012/13 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

3.1.3 Financial Modeling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- Municipal growth

- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2012/13 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

3.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;

- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2013/14 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 19 IDP Strategic Objectives

2013/14
1. To build Transparent administrative body capable of achieving transparency and integrity whilst addressing the needs of KwaSani Community
2. To facilitate community development and involvement; ensure higher levels of democracy and public participation
3. To create enabling investment environment and provide all residents in the municipality with access to inclusive economy
4. To maintain improve and extend infrastructure and quality service delivery throughout the municipal area
5. To enhance revenue generation and establish sound financial leading to a financially viable municipality
6. Reflect council development strategies spatially. Enhance regional identity and unique character of place

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide municipal planning services; and
 - Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the Municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective city cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
 - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly coordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
 - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
 - Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
 - Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

The 2013/14 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 20 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

KZN432 Kwa Sani - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
R thousand													
Municipal Transformation and Institutional Development	To build a transparent administrative body capable of achieving transparency and integrity whilst addressing employment equity and affirmative action.				-	-	-	-	-	-	-	-	
Good Governance	To facilitate community development and involvement; ensure higher levels of democracy and public participation. To upload Bato Pele principles.				6 653	480	1 144	1 005	1 005	2 353	2 485	2 623	
Local Economic Development	To create enabling investment environment, and provide all residents in the municipality with access to inclusive economic growth opportunities including the poor, the youth, women and disabled.				-	-	-	-	-	-	-	-	
Service Delivery and Infrastructure	To maintain, improve and extend infrastructure and quality of service delivery throughout the municipal area.			30 274	2 145	2 211	3 602	9 857	9 857	3 966	8 341	8 807	
Financial Viability and Management	To enhance revenue generation and establish sound financial leading to a financially viable municipality.			22 044	26 534	34 323	29 853	29 908	29 908	31 047	27 826	29 377	
Spacial Development Framework	Reflect council development strategies spatially, Enhance regional identity and unique character of place, Ensure conformance with the neighbouring local, district and provincial spacial development frameworks.			128	371	417	340	76	76	297	314	331	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	52 446	35 702	37 431	34 939	40 846	40 846	37 663	38 966	41 138

Table 21 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

KZN432 Kwa Sani - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
Municipal Transformation and Institutional Development	To build a transparent administrative body capable of achieving transparency and accountability			–	–	–	–	–	–	–	–	–	
Good Governance	To facilitate community development and involvement; ensure higher levels of participation			3 481	9 234	2 527	5 556	4 761	4 761	5 520	5 829	6 155	
Local Economic Development	To create enabling investment environment and provide all residents in the municipality with equal opportunities			–	1 996	2 340	325	250	250	104	110	115	
Service Delivery and Infrastructure	To maintain, improve and extend infrastructure and quality of service delivery			29 797	10 283	11 635	12 864	19 623	19 623	14 845	19 582	20 675	
Financial Viability and Management	To enhance revenue generation and establish sound financial leading to a sustainable future			8 658	9 690	11 039	14 608	13 842	13 842	14 517	10 545	11 133	
Spatial Development Framework	Reflect council development strategies spatially, Enhance regional identity and unique character			1 118	1 518	2 459	1 533	972	972	2 211	2 335	2 465	
Allocations to other priorities													
Total Expenditure				1	43 054	32 721	30 000	34 886	39 448	39 448	37 197	38 401	40 543

3.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

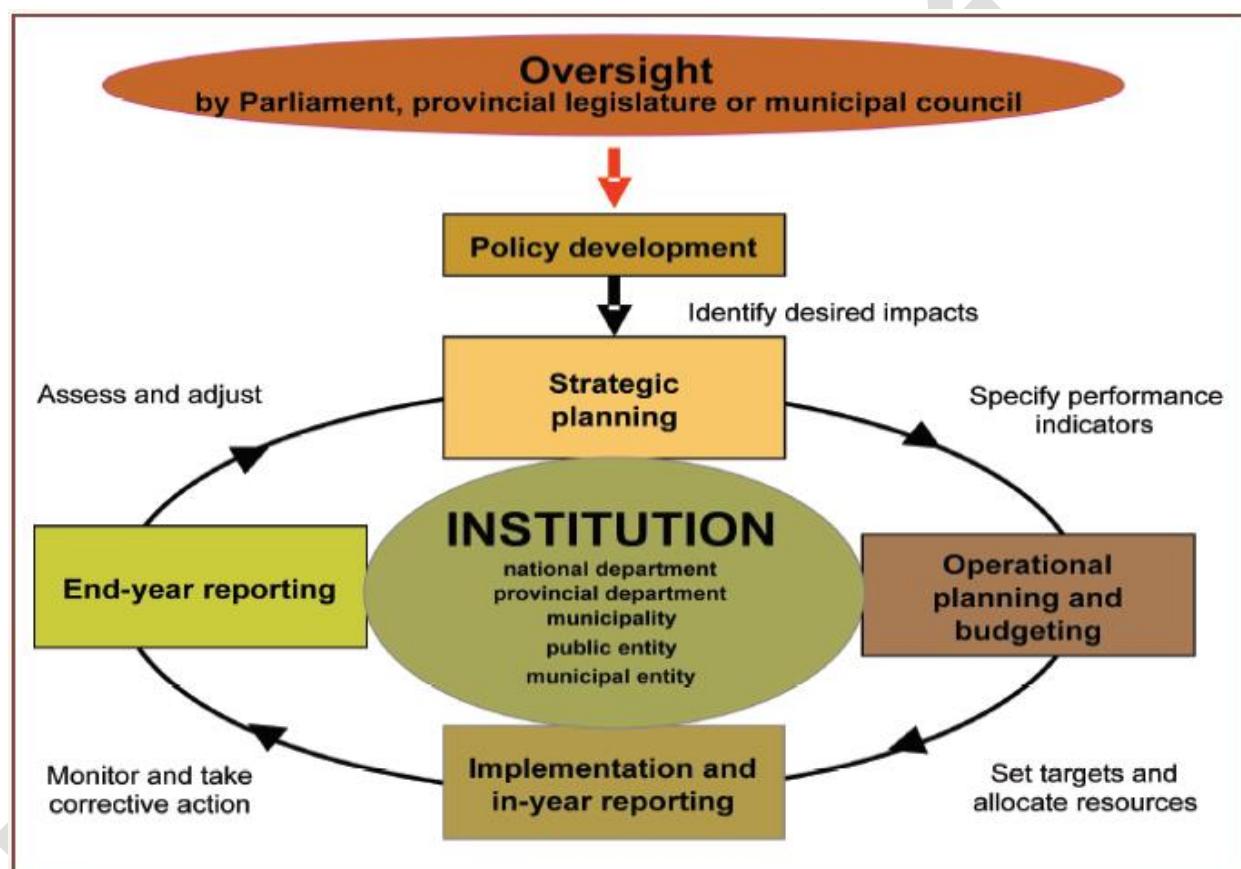


Figure 2 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);

- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

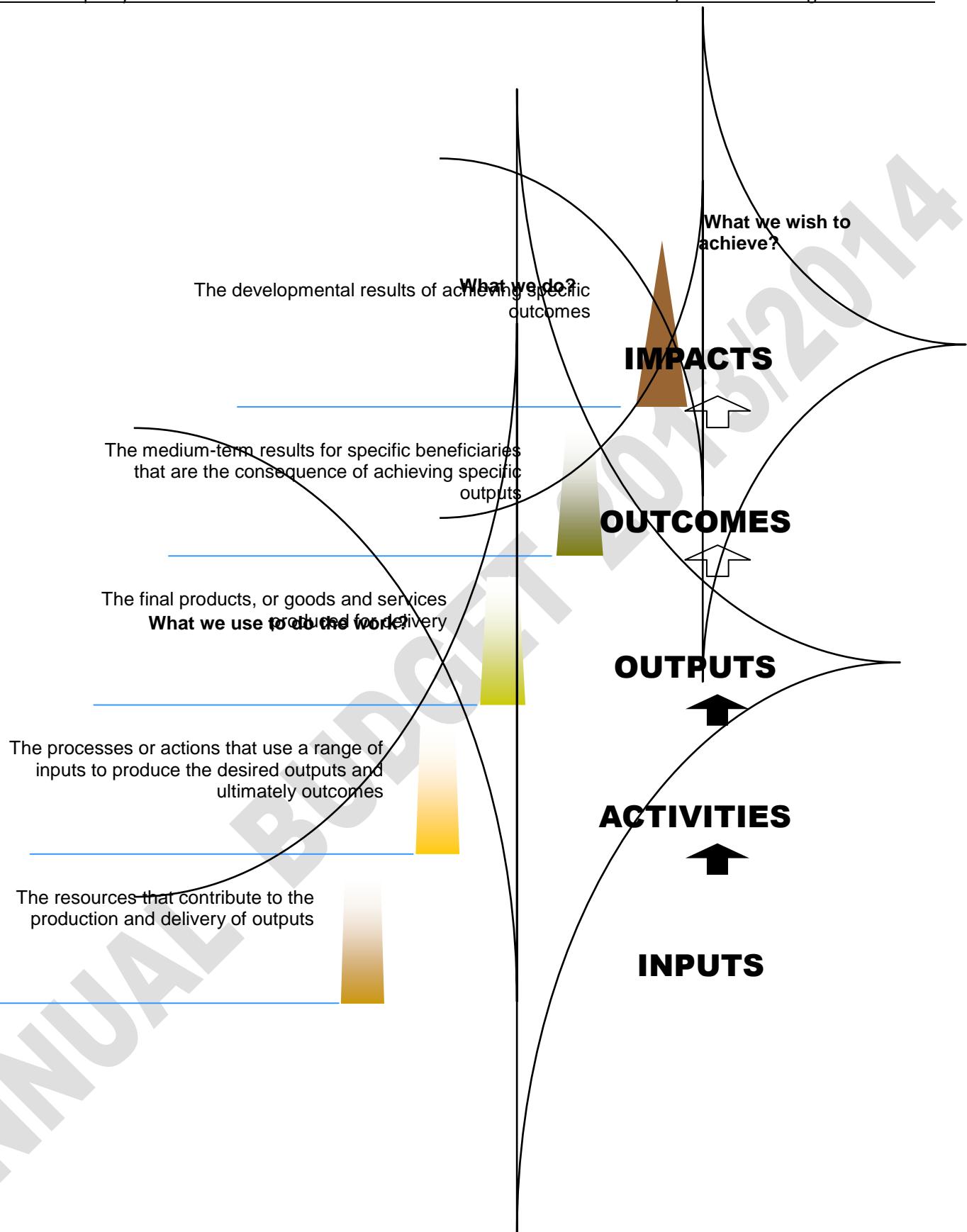


Figure 3 Definition of performance information concepts

ANNUAL BUDGET 2013/2014

The following table sets out the municipalities main performance objectives and benchmarks for the 2013/14 MTREF.

Table 22 MBRR Table SA8 - Performance indicators and benchmarks

KZN432 Kwa Sani - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Borrowing Management											
Credit Rating		0	0	0	0	0	0	0	1.9%	1.9%	1.8%
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.1%	1.4%	2.1%	2.5%	1.6%	1.6%	1.6%	1.9%	1.9%	1.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	4.1%	3.4%	4.3%	4.7%	3.7%	3.7%	3.7%	3.5%	3.3%	3.4%
Borrow ed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	20.2%	-71.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	30.9%	0.0%	3777.5%	0.0%	3319.8%	3319.8%	3319.8%	2846.2%	2346.2%	2318.2%
Liquidity											
Current Ratio	Current assets/current liabilities	1.1	1.2	1.2	29.5	1.7	1.7	1.7	8.4	7.7	7.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.1	1.2	1.2	29.5	1.7	1.7	1.7	8.4	7.7	7.3
Liquidity Ratio	Monetary Assets/Current Liabilities	0.9	0.9	0.9	14.6	1.4	1.4	1.4	6.7	5.9	5.5
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	131.9%	118.6%	100.0%	78.1%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		131.9%	118.6%	100.0%	77.9%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	7.4%	16.1%	21.0%	16.2%	13.9%	13.9%	13.9%	15.1%	14.6%	13.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Creditors to Cash and Investments		1294.7%	1912.9%	420.3%	-1.9%	0.0%	0.0%	0.0%	47.0%	34.3%	26.4%
Other Indicators											
Electricity Distribution Losses (2)											
Total Volume Losses (kW)		0	0	0	0	0	0	0	0	0	0
Total Cost of Losses (Rand '000)		-	-	-	-	-	-	-	-	-	-
Water Distribution Losses (2)											
Total Volume Losses (kL)		0	0	0	0	0	0	0	0	0	0
Total Cost of Losses (Rand '000)		-	-	-	-	-	-	-	-	-	-
Employee costs	Employee costs/(Total Revenue - capital revenue)	18.1%	31.6%	41.1%	39.0%	31.5%	31.5%	31.5%	47.2%	48.5%	48.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1.1%	0.9%	6.1%	3.9%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	3.5%	4.9%	6.8%	6.0%	5.4%	5.4%	5.4%	5.8%	5.9%	5.9%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	14.3	10.7	12.8	17.5	17.5	17.5	12.8	15.4	15.8	15.9
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services (Available cash + investments)/monthly fixed operational expenditure	32.9%	44.2%	48.2%	36.7%	37.1%	37.1%	37.1%	32.1%	30.5%	30.6%
iii. Cost coverage		0.5	0.4	1.3	2.5	1.4	1.4	1.4	1.7	2.2	2.7

3.3.1 Performance indicators and benchmarks

3.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely

dependent on its creditworthiness and financial position. As with all other municipalities, KSM's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is made up of a finance lease and a DBSA loan. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 2.2% to 1.8% in 2014/15, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 3.7% which is significantly low.

3.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

3.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in May 2011 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed,

The 2013/14 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 70 % on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels.

3.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a

significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction. Budget Adjustment Policy

3.4.3 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in May 2011. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

3.4.4 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was approved by Council in May 2011.

3.4.5 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was approved by Council in May 2011. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

3.4.6 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Indigent Policy.

3.5 Overview of budget assumptions

3.5.1 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in the cost of remuneration. Employee related costs comprise 48% of total operating expenditure in the 2013/14 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

3.5.2 Interest rates for borrowing and investment of funds

Loan with DBSA and a finance lease with West bank are the 2 sources of borrowing that the municipality has to pay back.

3.5.3 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (70%) of annual billings. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

3.5.4 Salary increases

The municipality has opted to budget for a 7% increase as per circular 67

3.5.5 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

3.5.6 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 100% on the capital programme for the 2013/14 MTREF of which performance has been factored into the cash flow budget.

3.6 Overview of budget funding

3.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 23 Breakdown of the operating revenue over the medium-term

KZN432 Kwa Sani - Table A1 Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	
Financial Performance											
Property rates	7 953	9 974	10 785		12 576	12 773	12 773	12 773	15 061	15 831	15 612
Service charges	1 689	1 800	1 925		2 496	2 205	2 205	2 205	2 083	2 195	2 314
Investment revenue	489	480	820		582	720	720	720	829	871	913
Transfers recognised - operational	32 636	19 459	15 040		16 243	24 051	24 051	24 051	16 826	16 835	18 894
Other own revenue	1 365	1 222	1 067		3 042	1 097	1 097	1 097	2 865	3 233	3 405
Total Revenue (excluding capital transfers and contributions)	44 133	32 935	29 638		34 939	40 846	40 846	40 846	37 663	38 966	41 138

Table 24 Proposed tariff increases over the medium-term

Rates

KWA SANI MUNICIPALITY					
2013/2014 RATES BUDGET					
		PROPERTY	Total	Rebates	Nett Amount
		VALUES	Assessment		
CAT1	RESIDENTIAL	611 760 000.00	6 558 930.38	-1 742 322.55	4 816 607.82
CAT2	COMMERCIAL	157 045 000.00	3 694 328.97	-1 030 858.24	2 663 470.73
CAT3	AGRICULTURAL	1 665 984 000.00	4 908 388.70	-2 830 121.76	2 078 266.94
CAT4	STATE OWNED	525 486 000.00	670 727.10	0.00	670 727.10
CAT5	PSI	22 283 000.00	65 651.07	-19 695.32	45 955.75
CAT6	PBO	23 678 000.00	69 761.07	-69 761.07	0.00
CAT8	TOURISM	397 227 000.00	2 336 457.44	-1 249 083.65	1 087 373.79
CAT9	OTHER	7 000 000.00	20 623.68	-20 623.68	0.00
CAT10		103 670 000.00	1 187 794.92	-400 185.25	787 609.67
CAT11		29 830 000.00	334 504.79	-100 695.53	233 809.26
		3 543 963 000.00	19 847 168.11	-7 463 347.05	12 383 821.07
RECOVERY OF OUTSTANDING DEBT					-528 057.07
TOTAL RATES AS PER THE BUDGET					11 855 764.00

REFUSE TARIFFS - 2013/2014					
	2012/2013	2013/2014	Variance		
Category	Rands	Rands	Rands	% Increase	Reasons
Government Housing	457.32	482.93	25.61	5.6%	
					Properties on Sectioanl Title Schemes received 20% discount because there is one collection point
Residential Sectional Title with 75% Pensioners Discount	579.07	611.50	32.43	5.6%	
Residential Full Title with 75% Pensioners Discount	702.75	742.10	39.35	5.6%	
Residential Sectional Title with 50% Pensioners Discount	158.13	166.99	8.86	5.6%	
Residential Full Title with 50% Pensioners Discount	1 447.67	1 528.74	81.07	5.6%	
Residential Sectional Title properties with 20% Discount	2 316.26	2 445.97	129.71	5.6%	
Residential properties	2 895.33	3 057.47	162.14	5.6%	
Small Business					
Small Volumes of Waste and Easy to Handle	3 581.31	3 781.86	200.55	5.6%	
					Small Volumes of Waste and Easy to Handle with 20% Discount. Different properties-based on volume of waste, but with one collection point
Medium					
Significant Volumes of Waste and Easy to Handle	7 314.03	7 723.62	409.59	5.6%	
Medium					
Significant Volumes of Waste and Easy to Handle with 20% Discount. Different properties-based on volume of waste, but with one collection point	5 851.22	6 178.89	327.67	5.6%	
Large					
Significant Volumes of Waste and difficult to Handle with 20% Discount. Different properties-based on volume of waste, but with one collection point	11 824.40	12 486.57	662.17	5.6%	
Large					
Significant Volumes of Waste and difficult to Handle	14 780.50	15 608.21	827.71	5.6%	
Sectional Title					
Automatic 20% rebate - additional rebate for properties either 50% or 75% based on Income & Assets					

Revenue to be generated from property rates is R21.6 million in the 2013/14 financial year before rebates and increases to R22.7 million by 2014/15 which represents 5% increase. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. As the levying of property rates is considered a strategic revenue source a further supplementary valuation process will be undertaken in the 2013/14 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than 40% of the total revenue mix. In the 2013/14 financial year, revenue from rates and services charges totaled R16.2 million after deducting rebates

REFUSE TARIFFS - 2013/2014					
	2012/2013	2013/2014	Variance		
Category	Rands	Rands	Rands	% Increase	Reasons
Government Housing	457.32	482.93	25.61	5.6%	
Residential Sectional Title with 75% Pensioners Discount	579.07	611.50	32.43	5.6%	Properties on Sectional Title Schemes received 20% discount because there is one collection point
Residential Full Title with 75% Pensioners Discount	702.75	742.10	39.35	5.6%	
Residential Sectional Title with 50% Pensioners Discount	158.13	166.99	8.86	5.6%	
Residential Full Title with 50% Pensioners Discount	1 447.67	1 528.74	81.07	5.6%	
Residential Sectional Title properties with 20% Discount	2 316.26	2 445.97	129.71	5.6%	
Residential properties	2 895.33	3 057.47	162.14	5.6%	
Small Business					
Small Volumes of Waste and Easy to Handle	3 581.31	3 781.86	200.55	5.6%	
Small Volumes of Waste and Easy to Handle with 20% Discount. Different properties-based on volume of waste, but with one collection point					
Medium					
Significant Volumes of Waste and Easy to Handle	7 314.03	7 723.62	409.59	5.6%	
Medium					
Significant Volumes of Waste and Easy to Handle with 20% Discount. Different properties-based on volume of waste, but with one collection point	5 851.22	6 178.89	327.67	5.6%	
Large					
Significant Volumes of Waste and difficult to Handle with 20% Discount	11 824.40	12 486.57	662.17	5.6%	
Large					
Significant Volumes of Waste and difficult to Handle	14 780.50	15 608.21	827.71	5.6%	
Sectional Title					
Automatic 20% rebate - additional rebate for properties either 50% or 75% based on Income & Assets					

Operational grants and subsidies amount to R16.825 million, R16.835 million and R18.894 million for each of the respective financial years of the MTREF. It needs to be noted that in real

terms the grants receipts from national government are growing rapidly over the MTREF. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

Investment revenue contributes marginally to the revenue base of the Municipality's with a budget allocation of R0.828 million, R0.871 million and R0.913 million for each of the respective financial years of the MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 25 MBRR SA15 – Detail Investment Information

KZN432 Kwa Sani - Supporting Table SA15 Investment particulars by type

Investment type R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		13 230	12 372	20 386	23 187	22 986	22 986	17 986	12 986	10 000
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	13 230	12 372	20 386	23 187	22 986	22 986	17 986	12 986	10 000
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		13 230	12 372	20 386	23 187	22 986	22 986	17 986	12 986	10 000

Table 26 MBRR SA16 – Investment particulars by maturity

KZN432 Kwa Sani - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Monetary value	Interest to be realised
		Yrs/Months								Rand thousand	
Parent municipality											
FNB Various- Available funds		>1yr	Call	yes	variable	0.035			>1yr	1 112	39
FNB-62116486087-Ceded to DBSA		>1yr	Call	yes	variable	0.035			>1yr	855	30
Investec-125677-Ceded to DBSA		>1yr	Call	yes	variable	0.035			>1yr	190	7
Nedbank-9010975386-Ceded to DBSA		>1yr	Call	yes	variable	0.035			>1yr	442	15
FNB-Various-Conditional Grants		<1yr	Call	yes	variable	0.035			>1yr	13 386	678
Small town Rehabilitation		<1yr	Call	yes	variable	0.035			>1yr	1 000	31
Reichenau		<1yr	Call	yes	variable	0.035			>1yr	1 000	31
Municipality sub-total										17 986	829
Entities											
Entities sub-total										-	-
TOTAL INVESTMENTS AND INTEREST	1									17 986	829

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R 30 720, R272 345 and R595 535 in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

3.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2011/12 medium-term capital programme:

Table 27 MBRR Table SA 17 - Detail of borrowings

KZN432 Kwa Sani - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Parent municipality										
Long-Term Loans (annuity/reducing balance)			2 083	1 916	3 233	1 723	2 848	406	429	436
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	2 083	1 916	3 233	1 723	2 848	406	429	436
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	2 083	1 916	3 233	1 723	2 848	406	429	436

DBSA loan and finance lease for vehicles contribute to the capital and interest finance costs in the income and expenditure statement.

Table 28 MBRR Table SA 18 - Capital transfers and grant receipts

KZN432 Kwa Sani - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework				
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15
RECEIPTS:	1, 2											
Operating Transfers and Grants												
National Government:		9 969	10 915	12 807	15 354	15 341	15 341	16 372	16 368	18 105		
Local Government Equitable Share		7 103	8 754	10 517	12 054	12 054	12 054	12 846	13 634	15 188		
Finance Management				1 500	1 500	1 487	1 487	1 636	1 800	1 950		
Municipal Systems Improvement		2 131	1 726	790	800	800	800	890	934	967		
EPWP Incentive			434	—	1 000	1 000	1 000	1 000	—			
Other transfers/grants [insert description]			735									
Provincial Government:		54	67	1 521	854	8 614	8 614	454	467	489		
Sport and Recreation				300		150	150	—	—	—		
Arts and Culture Grants & Property Rates, Corridor		54	67	1 221	854	8 464	8 464	454	467	489		
District Municipality:		—	397	—	—	96	96	—	—	—		
Capacity Building			123		—	75	75	—	—	—		
Shared Planner & Internal Audit			274		21	21	21	—	—	—		
Other grant providers:		436	586	—	—	—	—	—	—	—		
DBSA		436	586									
Total Operating Transfers and Grants	5	10 459	11 965	14 328	16 208	24 051	24 051	16 826	16 835	18 594		
Capital Transfers and Grants												
National Government:		10 214	2 768	7 887	9 567	9 580	9 580	9 097	7 479	7 621		
Municipal Infrastructure Grant (MIG)		10 214	2 768	7 887	9 567	9 567	9 567	9 083	7 479	7 621		
Finance Management		—	—	—	—	13	13	14	—	—		
Provincial Government:		—	—	16 794	—	3 061	3 061	—	—	—		
Cogta & INEG, Small Town Rehab				16 794	—	3 061	3 061					
District Municipality:		—	—	—	—	—	—	—	—	—		
Capacity Building												
Other grant providers:		—	—	—	—	—	—	—	—	—		
DBSA		—	—	—	—	—	—	—	—	—		
Total Capital Transfers and Grants	5	10 214	2 768	24 681	9 567	12 641	12 641	9 097	7 479	7 621		
TOTAL RECEIPTS OF TRANSFERS & GRANTS		20 673	14 733	39 009	25 775	36 692	36 692	25 923	24 314	26 215		

3.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and

- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 29 MBRR Table A7 - Budget cash flow statement

KZN432 Kwa Sani - Table A7 Budgeted Cash Flows

Description R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		14 396	15 361	13 700	14 116	15 280	15 280	15 280	19 008	20 197	20 264
Government - operating	1	32 636	11 690	14 946	16 243	24 051	24 051	24 051	16 826	16 835	18 894
Government - capital	1	8 313	10 535	7 887	10 577	12 641	12 641	12 641	9 097	7 479	7 621
Interest		489	480	820	582	684	684	684	829	871	913
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(42 320)	(33 873)	(27 533)	(32 787)	(36 231)	(36 231)	(36 231)	(35 000)	(36 092)	(38 120)
Finance charges		(132)	(256)	(185)	(321)	(240)	(240)	(240)	240	253	265
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		13 382	3 937	9 634	8 431	16 185	16 185	16 185	11 001	9 543	9 837
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		(9 275)	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	23	-	-	-	-	-	-
Decrease (increase) in non-current investments		(3 649)	931	2 261	6 600	(799)	(799)	(799)	-	-	-
Payments											
Capital assets		(72)	(4 886)	(10 341)	(10 577)	(14 126)	(14 126)	(14 126)	(9 533)	(7 479)	(7 621)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(12 996)	(3 955)	(8 080)	(3 954)	(14 925)	(14 925)	(14 925)	(9 533)	(7 479)	(7 621)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing				515	(722)	-			-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(339)	(322)	(441)	(556)	(385)	(385)	(385)	(485)	(485)	(485)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(339)	(322)	74	(1 278)	(385)	(385)	(385)	(485)	(485)	(485)
NET INCREASE/ (DECREASE) IN CASH HELD		47	(340)	1 629	3 199	875	875	875	983	1 579	1 731
Cash/cash equivalents at the year begin:	2	1 060	1 107	767	2 396	2 396	2 396	2 396	3 271	4 254	5 833
Cash/cash equivalents at the year end:	2	1 107	767	2 396	5 595	3 271	3 271	3 271	4 254	5 833	7 564

Table 30 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councilors/senior managers)

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	6 734	7 647	8 937	11 566	10 343	10 343	10 343	14 182	15 090	16 056
Pension and UIF Contributions		777	1 319	1 187	1 111	1 066	1 066	1 066	1 459	1 553	1 652
Medical Aid Contributions					248	291	291	291	367	390	415
Overtime		444	544	717	500	769	769	769	807	859	914
Performance Bonus									509	542	577
Motor Vehicle Allowance				1 083							
Cellphone Allowance											
Housing Allowances		25			20	20	20	20	24	26	27
Other benefits and allowances		–	903	245	–	19	19	19	19	20	22
Payments in lieu of leave					187	374	374	374	401	426	453
Long service awards							–				
Post-retirement benefit obligations	4										
sub-total	5	7 980	10 414	12 169	13 633	12 882	12 882	12 882	17 769	18 906	20 116
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	7 980	10 414	12 169	13 633	12 882	12 882	12 882	17 769	18 906	20 116

Table 31 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers	Ref	2011/12			Current Year 2012/13			Budget Year 2013/14		
		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees
Number										
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)				5	7		7	7	–	7
Board Members of municipal entities	4				–					
Municipal employees	5									
Municipal Manager and Senior Managers	3		1	2	3	1	2	3	1	2
Other Managers	7		2		2	2		2	2	–
Professionals		–	–	1	19	–	3	3	1	2
Finance					13		1	1	–	1
Spatial/town planning				1	4		1	1	–	1
Information Technology					–					
Roads							1			
Electricity							–			
Water							–			
Sanitation							–			
Refuse							–			
Other					2	1	–	3	3	–
Technicians		–	–	–	–	1		1	1	–
Finance						1		1	1	–
Spatial/town planning						–				
Information Technology						–				
Roads						1		1	1	–
Electricity						–		–		
Water						–		–		
Sanitation						–		–		
Refuse						–		–		
Other						–		1	1	–
Clerks (Clerical and administrative)		21	8			25	8	13	8	5
Service and sales workers		42				44		60	59	1
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS		–	66	16	31	73	20	91	74	17
% increase						–	10.6%	25.0%	193.5%	1.4% (15.0%)
Total municipal employees headcount	6									
Finance personnel headcount	8		4	7		6	7	14	8	6
Human Resources personnel headcount	8		2			2		2	2	–

3.7 Monthly targets for revenue and expenditure

KZN432 Kwa Sani - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description R thousand	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
Revenue By Source																	
Property rates				1 418	1 418	1 418	1 418	1 418	1 418	1 418	1 418	1 418	1 418	14 184	14 907	14 638	
Property rates - penalties & collection charges	73	77	81	-	-	-	-	-	-	-	-	-	-	877	924	974	
Service charges - electricity revenue														-	-	-	
Service charges - water revenue														-	-	-	
Service charges - sanitation revenue														-	-	-	
Service charges - refuse revenue		-	208 275.60	208 275.60	208 275.60	208 275.60	208 275.60	208 275.60	208 275.60	208 275.60	208 275.60	208 275.60	208	2 083	2 195	2 314	
Service charges - other		46	46	46	46	46	46	46	46	46	46	46	46	547	576	607	
Rental of facilities and equipment		69	69	69	69	69	69	69	69	69	69	69	69	829	871	913	
Interest earned - external investments		20	20	20	20	20	20	20	20	20	20	20	20	235	248	261	
Interest earned - outstanding debtors														-	-	-	
Dividends received														-	-	-	
Fines		8	8	8	8	8	8	8	8	8	8	8	8	100	105	111	
Licences and permits		25	25	25	25	25	25	25	25	25	25	25	25	297	526	552	
Agency services														-	-	-	
Transfers recognised - operational		1 402	1 402	1 402	1 402	1 402	1 402	1 402	1 402	1 402	1 402	1 402	1 402	16 826	16 635	18 894	
Other revenue		141	141	141	141	141	141	141	141	141	141	141	141	1 687	1 778	1 874	
Gains on disposal of PPE														-	-	-	
Total Revenue (excluding capital transfers and contributions)		1 783	1 787	3 418	3 337	37 663	38 966	41 138									
Expenditure By Type																	
Employee related costs		1 481	1 481	1 481	1 481	1 481	1 481	1 481	1 481	1 481	1 481	1 481	1 481	17 769	18 906	20 116	
Remuneration of councillors		130	130	130	130	130	130	130	130	130	130	130	130	1 561	1 661	1 767	
Debt impairment		83	83	83	83	83	83	83	83	83	83	83	83	1 000	1 000	1 000	
Depreciation & asset impairment		163	163	163	163	163	163	163	163	163	163	163	163	1 957	2 056	2 158	
Finance charges		20	20	20	20	20	20	20	20	20	20	20	20	240	253	265	
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contracted services		552	552	552	552	552	552	552	552	552	552	552	552	6 621	6 972	7 299	
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure		671	671	671	671	671	671	671	671	671	671	671	671	8 049	7 552	7 938	
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure		3 100	3 100	3 100	3 100	3 100	3 100	3 100	3 100	3 100	3 100	3 100	3 100	37 197	38 401	40 543	
Surplus/(Deficit)		(1 317)	(1 313)	318	237	882	466	565	595								
Transfers recognised - capital														-	-	-	
Contributions recognised - capital														-	-	-	
Contributed assets														-	-	-	
Surplus/(Deficit) after capital transfers & contributions		(1 317)	(1 313)	318	237	882	466	565	595								
Taxation														-	-	-	
Attributable to minorities														-	-	-	
Share of surplus/ (deficit) of associate														-	-	-	
Surplus/(Deficit)	1	(1 317)	(1 313)	318	237	882	466	565	595								

Table 32 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

KZN432 Kwa Sani - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description R thousand	Ref	Budget Year 2013/14												Medi Budg 20
		July	August	Sept.	October	November	December	January	February	March	April	May	June	
Revenue - Standard														
<i>Governance and administration</i>		2 783	2 783	2 783	2 783	2 783	2 783	2 783	2 783	2 783	2 783	2 783	2 783	2 783
Executive and council		196	196	196	196	196	196	196	196	196	196	196	196	196
Budget and treasury office		2 587	2 587	2 587	2 587	2 587	2 587	2 587	2 587	2 587	2 587	2 587	2 587	2 587
Corporate services		—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		139	139	139	139	139	139	139	139	139	139	139	139	139
Community and social services		131	131	131	131	131	131	131	131	131	131	131	131	131
Sport and recreation		—	—	—	—	—	—	—	—	—	—	—	—	—
Public safety		8	8	8	8	8	8	8	8	8	8	8	8	8
Housing		—	—	—	—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		34	34	34	34	34	34	34	34	34	34	34	34	34
Planning and development		9	9	9	9	9	9	9	9	9	9	9	9	9
Road transport		25	25	25	25	25	25	25	25	25	25	25	25	25
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Trading services</i>		182	182	182	182	182	182	182	182	182	182	182	182	182
Electricity		—	—	—	—	—	—	—	—	—	—	—	—	—
Water		—	—	—	—	—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—	—	—	—	—
Waste management		182	182	182	182	182	182	182	182	182	182	182	182	182
<i>Other</i>		—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue - Standard		3 139	3 139	3 139	3 139	3 139	3 139	3 139	3 139	3 139	3 139	3 139	3 139	3 139
Expenditure - Standard														
<i>Governance and administration</i>		1 678	1 678	1 678	1 678	1 678	1 678	1 678	1 678	1 678	1 678	1 678	1 678	1 678
Executive and council		468 645.42	468 645.42	468 645.42	468 645.42	468 645.42	468 645.42	468 645.42	468 645.42	468 645.42	468 645.42	468 645.42	468 645.42	468 645.42
Budget and treasury office		#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	1 210
Corporate services		—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		847	847	847	847	847	847	847	847	847	847	847	847	847
Community and social services		613 033.33	613	613	613	613	613	613	613	613	613	613	613	613
Sport and recreation		—	—	—	—	—	—	—	—	—	—	—	—	—
Public safety		234 070.92	234 070.92	234 070.92	234 070.92	234 070.92	234 070.92	234 070.92	234 070.92	234 070.92	234 070.92	234 070.92	234 070.92	234
Housing		—	—	—	—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		328	328	328	328	328	328	328	328	328	328	328	328	328
Planning and development		184 272.08	184	184	184	184	184	184	184	184	184	184	184	184
Road transport		144 186.08	144	144	144	144	144	144	144	144	144	144	144	144
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Trading services</i>		151	151	151	151	151	151	151	151	151	151	151	151	151
Electricity		—	—	—	—	—	—	—	—	—	—	—	—	—
Water		—	—	—	—	—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—	—	—	—	—
Waste management		151 475.67	151	151	151	151	151	151	151	151	151	151	151	151
<i>Other</i>		94 317.42	94	94	94	94	94	94	94	94	94	94	94	94
Total Expenditure - Standard		3 100	3 100	3 100	3 100	3 100	3 100	3 100	3 100	3 100	3 100	3 100	3 100	3 100
Surplus/(Deficit) before assoc.		39	39	39	39	39	39	39	39	39	39	39	39	39
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)		1	39											

Table 33 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

KZN432 Kwa Sani - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Ref	Budget Year 2013/14										
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May
Multi-year expenditure to be appropriated	1											
Vote 1 - Governance & Administration					178	178	178	178	178	178	178	178
Vote 2 - Community & Public Safety					748	748	748	748	748	748	748	748
Vote 3 - Trading Services												
Vote 4 - Economic and Environmental Services												
Vote 5 - Other												
Vote 6 - [NAME OF VOTE 6]												
Vote 7 - [NAME OF VOTE 7]												
Vote 8 - [NAME OF VOTE 8]												
Vote 9 - [NAME OF VOTE 9]												
Vote 10 - [NAME OF VOTE 10]												
Vote 11 - [NAME OF VOTE 11]												
Vote 12 - [NAME OF VOTE 12]												
Vote 13 - [NAME OF VOTE 13]												
Vote 14 - [NAME OF VOTE 14]												
Vote 15 - [NAME OF VOTE 15]												
Capital multi-year expenditure sub-total	2	-	-	748	926	926	926	926	926	926	926	926
Single-year expenditure to be appropriated								70				
Vote 1 - Governance & Administration								380				
Vote 2 - Community & Public Safety												
Vote 3 - Trading Services												
Vote 4 - Economic and Environmental Services												
Vote 5 - Other												
Vote 6 - [NAME OF VOTE 6]												
Vote 7 - [NAME OF VOTE 7]												
Vote 8 - [NAME OF VOTE 8]												
Vote 9 - [NAME OF VOTE 9]												
Vote 10 - [NAME OF VOTE 10]												
Vote 11 - [NAME OF VOTE 11]												
Vote 12 - [NAME OF VOTE 12]												
Vote 13 - [NAME OF VOTE 13]												
Vote 14 - [NAME OF VOTE 14]												
Vote 15 - [NAME OF VOTE 15]												
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	450	-	-	-	-
Total Capital Expenditure	2	-	-	748	926	926	1 376	926	926	926	926	926

Table 34 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

KZN432 Kwa Sani - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2013/14											
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	
R thousand													
Capital Expenditure - Standard	1	-	-	-	-	-	70	-	-	-	-	-	
<i>Governance and administration</i>													
Executive and council							70						
Budget and treasury office													
Corporate services													
<i>Community and public safety</i>		-	-	-	187	187	487	187	187	187	187	187	
Community and social services					187	187	187	187	187	187	187	187	
Sport and recreation													
Public safety							300						
Housing													
Health													
<i>Economic and environmental services</i>		-	-	748	748	748	748	748	748	748	748	748	
Planning and development				748	748	748	748	748	748	748	748	748	
Road transport													
Environmental protection													
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	
Electricity													
Water													
Waste water management													
Waste management													
<i>Other</i>													
Total Capital Expenditure - Standard	2	-	-	748	935	935	1 305	935	935	935	935	935	

3.8 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Budget & Treasury Office.

KZN432 Kwa Sani - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.		Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand
		Number				
Netstar	Mths	36		Tractor for fortune, hilux & tip truck	28/10/2016	6
Berg Security	Mths	12		Security - renewable annually	31/07/2015	189
SAMRAS	Yrs	1		Accounting system	annually renewable	107
Cow catches pound	Mths	36		Pound	15/02/2015	5
Enviroserv	Mths	46		Refuse Removal to Pietermaritzburg	30/10/2017	1 033
Gestetner	Mths	36		Photocopying Machine	01 February 2016	35
Ian Gordon	Mths	12		Property Valuation	30/06/2016	242
Lasercom	Mths			Printing of debtors accounts		26
KPMG	Yrs	3		Auditing	31/05/2015	380
Nashua	Yrs	5		Rental of photo copy machines & Printers	28/02/2016	600
Community Watch	Yrs	3		Disaster Management		768
Rural Metro	Yrs	1		Fire Services	30/06/2015	888
Mills Fitchet	Yrs	5		Valuation Roll Maintenance	30/06/2016	320
Indwe	Yrs	1		Insurance	30/05/2016	240

3.9 Capital expenditure details

The following 2 tables present details of the KSM's capital expenditure programme, firstly on the renewal of assets and finally on the repair and maintenance of assets.

Table 35 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

KZN432 Kwa Sani - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure	1	-	-	-	6 152	-	-	3 286	13 592	3 408
Infrastructure - Road transport		-	-	-	6 152	-	-	3 286	13 592	3 408
Roads, Pavements & Bridges		-	-	-	6 152	-	-	3 286	13 592	3 408
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-
Community		-	-	-	1 865	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	650	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	1 215	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	45	-	-	-	-	-
Housing development		-	-	-	45	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-
Furniture and other office equipment		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing assets	1	-	-	-	8 062	-	-	3 286	13 592	3 408

Table 36 MBRR SA34c - Repairs and maintenance expenditure by asset class

ANNUAL BUDGET 2013/2014

KZN432 Kwa Sani - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure										
Infrastructure - Road transport		51	—	1 050	1 051	1 051	816	858	900	
Roads, Pavements & Bridges		—	—	1 003	1 000	1 000	765	804	844	
Storm water		—	—	1 000	1 000	1 000	765	804	844	
Infrastructure - Electricity		—	—	—	—	—	—	—	—	
Generation		—	—	—	—	—	—	—	—	
Transmission & Reticulation		—	—	—	—	—	—	—	—	
Street Lighting		—	—	—	—	—	—	—	—	
Infrastructure - Water		—	3	—	—	—	—	—	—	
Dams & Reservoirs		—	3	—	—	—	—	—	—	
Water purification		—	—	—	—	—	—	—	—	
Reticulation		—	—	—	—	—	—	—	—	
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	
Reticulation		—	—	—	—	—	—	—	—	
Sewerage purification		—	—	—	—	—	—	—	—	
Infrastructure - Other		—	48	—	47	51	51	51	54	57
Waste Management		—	33	—	30	27	27	27	29	30
Transportation	2	—	15	—	17	24	24	24	25	27
Gas		—	—	—	—	—	—	—	—	
Other	3	—	—	—	—	—	—	—	—	
Community		200	6	417	16	16	16	16	17	18
Parks & gardens		—	—	52	16	16	16	16	17	18
Sportsfields & stadia		—	6	—	—	—	—	—	—	—
Swimming pools		—	—	—	—	—	—	—	—	—
Community halls		200	—	365	—	—	—	—	—	—
Libraries		—	—	—	—	—	—	—	—	—
Recreational facilities		—	—	—	—	—	—	—	—	—
Fire, safety & emergency		—	—	—	—	—	—	—	—	—
Security and policing		—	—	—	—	—	—	—	—	—
Buses	7	—	—	—	—	—	—	—	—	—
Clinics		—	—	—	—	—	—	—	—	—
Museums & Art Galleries		—	—	—	—	—	—	—	—	—
Cemeteries		—	—	—	—	—	—	—	—	—
Social rental housing	8	—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Buildings		—	—	—	—	—	—	—	—	—
Other	9	—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Housing development		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Other assets		277	256	1 398	305	365	365	474	498	523
General vehicles		—	—	—	93	148	148	60	155	163
Specialised vehicles		84	64	—	70	83	83	83	87	91
Plant & equipment		—	5	52	6	—	—	—	—	—
Computers - hardware/equipment		25	—	200	—	—	—	20	12	12
Furniture and other office equipment		30	22	122	—	—	—	47	49	52
Abattoirs		—	13	—	—	—	—	—	—	—
Markets		—	—	—	—	—	—	—	—	—
Civic Land and Buildings		13	63	—	—	—	—	—	—	—
Other Buildings		86	42	573	136	124	124	144	102	107
Other Land		—	—	382	—	—	—	—	—	—
Surplus Assets - (Investment or Inventory)		—	—	—	—	—	—	—	—	—
Other		39	47	69	—	—	109	92	97	—
Agricultural assets		—	—	—	—	—	—	—	—	—
<i>List sub-class</i>		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
<i>List sub-class</i>		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	—	—	—
Computers - software & programming		—	—	—	—	—	—	—	—	—
Other (list sub-class)		—	—	—	—	—	—	—	—	—
Total Repairs and Maintenance Expenditure	1	477	313	1 815	1 371	1 432	1 432	1 306	1 373	1 441
Specialised vehicles		84	64	—	70	83	83	83	87	91
Refuse		84	64	—	70	83	83	83	87	91
Fire		—	—	—	—	—	—	—	—	—
Conservancy		—	—	—	—	—	—	—	—	—
Ambulances		—	—	—	—	—	—	—	—	—
R&M as a % of PPE		1.2%	0.7%	4.0%	2.6%	2.5%	2.5%	2.0%	2.0%	1.9%
March 2012 Expenditure		1.1%	1.0%	6.0%	3.9%	3.6%	3.6%	3.5%	3.6%	3.6%

3.10 Municipal manager's quality certificate



Kwa Sani Municipality

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Local Economic Dev.

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KWA SANI MUNICIPALITY

Municipal manager's quality certificate

I, N. C. JAMES, municipal manager of Kwa Sani Municipality, hereby certify that the 2013/2014 Annual Budget and Supporting Documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Annual Budget and Supporting Documents are consistent with the Integrated Development Plan of the municipality.

Print Name NOKUBONGA CAROLINE JAMES

Municipal manager Kwa Sani Municipality (KZN 432)

Signature 

Date 28/02/2013



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KWA SANI MUNICIPALITY

EXTRACT OF MINUTES OF KWA SANI GENERAL COUNCIL MEETING HELD ON THE 28TH MARCH 2013 AT 10H00 IN THE KWASANI MUNICIPAL BOARDROOM, HIMEVILLE.

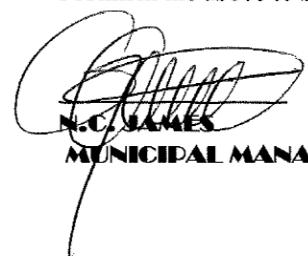
Present:	Cllrs	M. Banda	ANC Mayor
		P. Majozи	ANC Councillor
		N. Mncwabe	ANC Councillor
		E. Radebe	ANC Councillor
		P. Crawley	DA Councillor
		D. Adam	DA Councillor

Mesdames	N. James	Municipal Manager
	S. McAlister	Community Services Manager
	N. Mzimela	Acting CFO
	T. Ngobese-Zulu	Committee Clerk

Merrs	B. Ntshiza	Special Programmes Officer
	S. Zondi	Acting HR Manager

Leave of Absence	S. Mqwambi	ANC Councillor
Items	Minutes	Action & Time frame
9.	<p>DRAFT BUDGET</p> <p>The resolution was taken in the General Council Meeting that was held on the 28th March 2013 in KwaSani Municipal Boardroom.</p> <p>Cllr Crawley PROPOSING and Cllr Mncwabe SECONDING, it was</p> <p>RESOLVED NO. 28 MARCH 2013</p> <p>To note the 2013/14 Draft Budget.</p>	

I confirm the above to be a true extract of the minutes.


N.C. JAMES
MUNICIPAL MANAGER

28/03/2013

Date

AN/